

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4537

May 26, 2005

R E S O L U T I O N

**(RES. W-4537), TRINITY VILLAGE WATER COMPANY, INC.
(TRINITY). ORDER AUTHORIZING AN INTERIM GENERAL
RATE INCREASE SUBJECT TO REFUND, PRODUCING AN
INCREASE IN GROSS ANNUAL REVENUES OF \$4,500 OR 7.9%.**

SUMMARY

By Draft Advice Letter accepted on June 9, 2004, Trinity requested an increase in rates producing an increase in annual revenue of \$92,288, or 161% for test year 2005. To provide Trinity with sufficient income to pay operating expenses pending the processing of the utility's general rate case (GRC), this resolution grants Trinity an interim rate increase in gross annual revenues of \$4,500 or 7.9%. This interim increase is subject to refund upon final resolution of Trinity's GRC request.

BACKGROUND

Trinity is a class D water utility and serves approximately 186 residential customers in Salyer, California, the area known as Trinity Village Subdivision, and vicinity, located approximately 11 miles southeast of Willow Creek, Trinity County.

Trinity requested authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates for water service to produce additional revenues of \$92,288 or 161% in test year 2005. Trinity's request shows 2004 gross revenues of \$57,162 at present rates increasing to \$149,450 at proposed rates to produce a rate of return on rate base of 13.5%.

Trinity's present rates became effective on August 6, 2001 pursuant to Decision 92-03-093, which authorized an annual Consumer Price Index increase.

DISCUSSION

The Service Guarantee Plan for Small Water Companies (Standard Practice U-9-SM) allows an interim rate increase for small water companies operating at a loss on a cash flow basis. The interim rate increase provides the utility with sufficient income to cover its operating expenses. It is subject to refund pending the final resolution of Trinity's general rate increase request.

Trinity is currently operating at a loss. The rate increase request was based on financial information for the period from January through December 2004. After an analysis of these records, the Audit and Compliance Branch estimates that Trinity should be allowed an interim increase of \$4,500 in order for the utility to meet its cash flow requirements.

The current tariff schedules have an annual billing period, however the company bills bi-monthly (approximately every 60 days). The interim tariff schedule will show bi-monthly rates.

The Water Division recommends the proposed interim rates shown below be granted to Trinity:

Quantity Rates:

	<u>Old Rates</u>	<u>New Rates</u>
First 1100 cu. Ft. per 100 cu. Ft.....	\$ 0.41	\$0.44
Over 1100 cu. Ft. per 100 cu. Ft.....	\$ 1.13	\$1.22

Annual Service Charge:

	<u>Present</u> <u>Per Meter</u> <u>Per Year</u>	<u>Interim</u> <u>Proposed</u> <u>Per Meter</u> <u>Per year</u>
For 5/8 x 3/4-inch meter.....	\$ 159.24	\$ 171.82
For 3/4-inch meter.....	\$ 173.71	\$ 187.43
For 1-1/2-inch meter.....	\$ 237.82	\$ 256.61

The bi-monthly bill for a 3/4-inch metered customer using 38.4 Ccf will increase from approximately \$31.58 to approximately \$34.05.

FINDINGS

1. The interim rates recommended by the Water Division (Appendix A) are reasonable and should be adopted.
2. The rate increase authorized in this resolution is subject to refund pending the completion of the staff investigation of Trinity's general rate increase request.
3. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311(g)(3).

THEREFORE IT IS ORDERED THAT:

1. Trinity Village Water Company, Inc. is authorized to file an advice letter adopting Schedule No. 1A, General Metered Service attached to this resolution as Appendix A, and to concurrently cancel its presently effective Schedule No. 1A, General Metered Service. Its filing shall comply with General Order 96-A. The effective date of the revised schedule shall not be earlier than five days after the date of its filing.
2. The rate increase authorized in this resolution is subject to refund pending the final resolution of Trinity's general rate increase request.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on May 26, 2005; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
President

GEOFFREY F. BROWN
SUSAN P. KENNEDY

Resolution W-4537
Trinity/DRAFT AL/FLC/SNR/MEY/AJT:jrb

May 26, 2005

DIAN M. GRUENEICH
JOHN A. BOHN
Commissioners

APPENDIX A

Schedule No. 1A
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

The area known as Trinity Village Subdivision, and vicinity, located approximately 11 miles southeast of Willow Creek, Trinity County.

RATES

Quantity Rates:

First 1100 cu. Ft. per 100 cubic feet.....	\$ 0.44	(I)
Over 1100 cu. Ft. per 100 cubic feet.....	\$ 1.22	(I)

Service Charge:

For 5/8 x 3/4-inch meter	\$ 171.82	(I)
For 3/4-inch meter.....	\$ 187.43	
For 1 1/2-inch meter	\$ 256.61	(I)

The service charge is a readiness-to-serve charge applicable to all metered service and to which is added the charge for water use computed at the quantity rate.